

CONFIDENTIAL

AFA Draft - 3/30/05

**Term Sheet to Retain
UAL Flight Attendant
Defined Benefit Plan**

**Objective of
Association of
Flight Attendants:**

- To continue in effect the United Airlines (“UAL”) Flight Attendant Defined Benefit Plan (the “Plan”), with the present benefits (as reduced in 2003) to the Association of Flight Attendants (“AFA”) unchanged.
- In order to accomplish this objective, AFA is willing to contribute, or cause to be contributed to the Plan, through direct contributions by AFA (or other amounts that UAL would otherwise pay to AFA or its members as listed below under “Sources of Funding”), a portion of the amounts necessary to fund the unfunded pension benefit obligation.

**Pension Benefit
Guaranty
Corporation:**

- It is expected that the Pension Benefit Guaranty Corporation (“PBGC”) will provide funding to the Plan, either through a cash contribution, loan guarantee, pension bond, or other acceptable consideration, in an amount sufficient to fund, together with AFA’s contributions, the full amount of UAL’s annual unfunded pension obligation to the Plan through December 31, 2010. In addition, PBGC will provide, or cooperate in obtaining, Internal Revenue Service funding waivers or restructurings and other satisfactory funding arrangements) and other accommodations in order to facilitate the continuation of the Plan and avoid the PBGC assuming liability resulting from terminating the Plan.
- The PBGC will work with AFA and UAL to determine the most cost-effective means to achieve this objective.

**Sources of
Funding:**

Amount

- Value of UAL Common Stock to be received in bankruptcy based upon value of:
 - (i) AFA’s unsecured claim arising from prior wage reductions (\$972 million),
 - (ii) the estimated amount of the PBGC funding obligation if the Plan is terminated (\$1.8 billion),

(iii) current estimates of total allowed unsecured claims (\$25 billion), and
 (iv) the projected aggregate common equity value of UAL post-bankruptcy (between \$1.5 and \$2.5 billion). Specified amounts of the UAL equity to be received by AFA pursuant to the reorganization shall be contributed to the Plan by UAL annually as agreed upon by UAL and AFA.

- Defined Contribution Plan payments that UAL has proposed to make in lieu of payments under the Plan @ 4% per year through 2010 (\$27.5 million per year for six years). \$165 million

- Note of like tenor to the note received by ALPA from UAL in consideration for terminating the pilots' defined benefit plan in a principal amount equal to the equivalent benefit afforded to the pilots for terminating their Defined Benefit Plan (AFA may seek to monetize the value of this note by reselling it and contributing the cash proceeds to the Plan). \$_____ million

- PBGC contribution, either through a cash contribution, loan guarantee, pension bond or other acceptable consideration. \$_____ million